

1 DEPARTMENT OF REVENUE
2 PUBLIC WORKSHOP
3 ORLANDO, FLORIDA

4 RULE 12D-8.0082, F.A.C.
5 FLORIDA UNIFORM MARKET AREA GUIDELINES

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DATE: August 22, 2003

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TIME: 9:40 a.m. to 12:24 p.m.

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LOCATION: Orlando Public Library
Cypress Room, 3rd Floor
101 East Central Boulevard
Orlando, Florida

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REPORTED BY: JUNE T. BUTLER, RPR, RMR
Notary Public, State of Florida at
Large

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A P P E A R A N C E S:

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STEVE J. KELLER, Chief Assistant General Counsel

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AL MOBLEY, MAI, CCIM, CAE, AAS, Revenue Program
Administrator

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BETTY DIXON, SWPSO, PTA

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1 P R O C E E D I N G S

2 THE ADMINISTRATOR: Good morning. Today is
3 Friday, August 22nd, 2003, and I'd like to
4 welcome everyone to today's public workshop
5 on the third draft of the Florida Uniform
6 Market Area Guidelines dated August 20 --
7 correction, dated August 14, 2003.

8 My name is Al Mobley, Revenue Program
9 Administrator with the Department of Revenue,
10 and sitting to my right is Mr. Steve Keller,
11 chief attorney for the Department's Property
12 Tax Administration Program. Mr. Keller and I
13 will be the co-moderators for today's public
14 workshop.

15 At this time I would ask the other
16 members of the Department of Revenue in
17 attendance to introduce themselves, and we
18 have a sole additional member of the
19 Department. Would you please introduce
20 yourself for the record.

21 MS. DIXON: Betty Dixon, Department of
22 Tax Administration here in Orlando.

23 MR. KELLER: Today's public workshop
24 was noticed in the August 8th, 2003 Florida
25 Administrative Weekly. This is a public

1 workshop noticed consistent with Subsection
2 120.54 (2), Florida Statutes, held for the
3 purpose of receiving comments from interested
4 parties regarding potential improvements to
5 the third draft of the Florida Uniform Market
6 Area Guidelines dated August 14th, 2003.

7 Copies of this draft document and the
8 notice for today's workshop were mailed to
9 all persons on the Department's interested
10 parties list, including all 67 Florida
11 property appraisers. Also, this draft
12 document and the workshop notice were posted
13 to the Department's Guidelines web page.

14 Please remember that all comments made
15 here today along with any written comments
16 submitted will become part of the public
17 record.

18 THE ADMINISTRATOR: The format for this
19 workshop is informal. Each time you would
20 like to make a comment, please begin by
21 clearly stating your name and/or organization
22 or office you represent. In that regard, if
23 you have not already signed the sign-in sheet
24 provided at the back of the room, please do
25 so now.

1 Does everyone here have a copy of the
2 third draft of the Florida Uniform Market
3 Area Guidelines dated August 14th, 2003? If
4 anyone does not have a copy, these are
5 available at the back of the room.

6 At this time does anyone wish to submit
7 written comments on the August 14th, 2003
8 draft of the Florida Uniform Market Area
9 Guidelines?

10 By the way, I just mention, typically
11 we have a workshop here we have a podium, but
12 they gave us much more intimate surroundings
13 today so I think everybody can speak from
14 their seats, but if you would, please,
15 identify yourself and your organization for
16 the record for the court reporter.

17 MR. KELLER: Okay. Just to highlight
18 again how we got to our current state today,
19 in 1993 a provision was implemented in
20 Section 193.114 of the Florida Statutes that
21 requires property appraisers to place a
22 market area code on each real property parcel
23 on assessment rolls beginning in 1996.

24 This statute also requires that these
25 market area codes be established according to

1 Department of Revenue Guidelines. The 2000
2 Auditor General's report recommended that the
3 Department promulgate Uniform Market Area
4 Guidelines as required by this statute.

5 The Department began the public process
6 of developing Uniform Market Area Guidelines
7 in January of 2001. This process of
8 promulgation of the Florida Uniform Market
9 Area Guidelines has been designed to meet the
10 provisions of Sections 195.062, 193.114 and
11 120.54 Florida Statutes.

12 Prior to the development of the initial
13 draft of the Florida Uniform Market Area
14 Guidelines, and for the purpose of receiving
15 comments and input from all interested
16 parties, the Department of Revenue held four
17 public workshops on the subject of Market
18 Area Guidelines on the following dates:
19 January 4th, 2001 in Orlando; April 3rd, 2001
20 in Tallahassee; June 26th, 2002 in
21 Tallahassee, and July 9th, 2002 in Orlando.

22 The transcripts from these four public
23 workshops have been posted to the
24 Department's Guidelines web page. Input from
25 these previous public workshops was reviewed

1 and considered in the development of the
2 initial draft of the Florida Uniform Market
3 Area Guidelines.

4 THE ADMINISTRATOR: The initial draft
5 of the Florida Uniform Market Area Guidelines
6 dated June 9th, 2003 was based on the
7 following: Number one, Florida Law Manual of
8 Instructions and Regulatory Requirements;
9 number two, public input from Florida
10 property appraisers and their
11 representatives; number 3, public input from
12 Florida taxpayers and their representatives;
13 number four, information from certain
14 publications of professional organizations;
15 and number five, the expertise, research and
16 analysis provided by the Department of
17 Revenue staff.

18 Two public workshops were held for the
19 purpose of receiving public comments on the
20 initial draft. These workshops were held on
21 June 24th, 2003 in Tallahassee and on June
22 26th, 2003 in Orlando. A few written
23 comments on the initial draft also were
24 received.

25 The initial draft, its sources and the

1 comments received on the initial draft were
2 considered in the development of the second
3 draft of the Florida Uniform Market Area
4 Guidelines dated July 10th, 2003. Two public
5 workshops were held for the purpose of
6 receiving comments on the second draft.
7 These workshops were held on June 22nd, 2003
8 in Tallahassee and on July 24th, 2003 in
9 Orlando.

10 The second draft, its sources and the
11 comments received on the previous drafts were
12 considered in the development of the third
13 draft.

14 Please keep in mind that the intended
15 use of these Guidelines is for Florida
16 property appraisers to use them to establish
17 market areas and market area codes on real
18 property assessment rolls as required by
19 Section 193.114 Florida Statutes.

20 The intended use of market areas is for
21 both property appraisers and the Department
22 of Revenue to use them as geographic units in
23 the statistical and analytical review of real
24 property assessment rolls as described in
25 Section 195.096(2)(C) Florida Statutes.

1 There may be other applications of
2 market areas in the real estate industry and
3 in the appraisal profession that are not
4 relevant to the development and use of market
5 areas on real property assessment rolls under
6 Florida law.

7 MR. KELLER: For the benefit of
8 everybody here, I'd like to also refer again
9 to the Internet page that's available at the
10 back of the room. Does everybody here have a
11 copy of the sheet from the Department's
12 Guidelines web page?

13 At this time I would like to direct
14 your attention to some of the features of
15 this page. This page can be found at the
16 Internet address --

17 THE ADMINISTRATOR: That's not the most
18 recent copy. Okay.

19 MR. KELLER: -- indicated at the bottom
20 of the pages. As you can see, the following
21 items regarding Uniform Market Area
22 Guidelines are available.

23 There is a overview on the left here of
24 the Florida Real Property -- I'm sorry. In
25 the middle here overview of Draft Market Area

1 Guidelines Development. You click on that
2 and you can get background information on the
3 Market Area Guidelines development process.

4 There is prior workshop transcripts
5 here in the center of the page, there is the
6 notice of the public workshop for today in
7 the center of the page here containing the
8 draft of the rule together with the notice
9 for today's workshop.

10 There is on the right-hand side a link
11 that you can click on to send -- get an
12 address to send written comments. There's
13 also below that on the right-hand side of the
14 page a link to which you can e-mail your
15 comments.

16 Some recent additions here on the
17 right-hand side. In the center also, if you
18 go back to the center, you can see the
19 drafts, the initial draft, the second draft,
20 and the third draft, today's draft dated
21 August 14th.

22 Finally, as I thought I indicated,
23 there's an e-mail address here to which you
24 can check on and actually open up an e-mail
25 window and you can e-mail your comments to an

1 e-mail link directly should you decide to do
2 that.

3 No confirmation of e-mails will be
4 sent. All written and e-mail comments
5 received will become part of the public
6 record. Copies of comments will be made
7 available upon request. Please submit all
8 comments by no later than the close of
9 business on August 27th, 2003. Comments can
10 be faxed to the following numbers:
11 850-922-9252 or 850-921-2983.

12 The Guidelines web page will be updated
13 periodically as the Guideline development
14 process moves forward.

15 THE ADMINISTRATOR: At this time we
16 would like to provide a brief overview of
17 some of revisions made during the development
18 of the third draft of the Florida Uniform
19 Market Area Guidelines.

20 Just generally, to provide a little
21 overview of the process of revising
22 documents, the initial draft of the Florida
23 Uniform Market Area Guidelines had a lot of
24 the characteristics of a research paper and
25 was developed to facilitate discussion of the

1 various issues that were under consideration
2 at the initial stage. And then as we go
3 through the process and we move toward a
4 final draft, there will continue to be
5 revisions and additions, deletions of
6 different parts of the document as we begin
7 to sort of hone in on what's really important
8 to this.

9 This process has been one of a lot of
10 research and creation, that this project has
11 been around for about ten years now. And
12 there is a considerable divergence of
13 perception as far as what a market area is,
14 that there's no clear indication from the
15 professional literature. When this statute
16 was implemented, I believe that that passed
17 back in '93, legislative session, the
18 professional literature, really is the
19 professional appraisal literature, didn't
20 really address the concept of a market area.

21 The mass appraisal literature, I
22 believe, began to address it in the mid '90's
23 and more specifically in the late '90's, and
24 the single property appraisal literature
25 which, you know, doesn't apply in this case,

1 we're talking about mass appraisal, began to
2 address the issue of market areas in roughly
3 the year 2000, late '90's, year 2000, 2001.

4 Then that combined with the fact that
5 we have a specific statutory direction for
6 what market areas should be, and we've taken
7 the approach before developing a draft of
8 having several workshops and sort of taking
9 -- starting from scratch and looking at every
10 possible perspective on this, this becomes a
11 document that was -- had a lot of research, a
12 lot of creation. And even within the first
13 draft as we continue to discover, you know,
14 we repeated ourselves in a lot of sessions
15 and we want -- we have a third draft now.

16 We will be producing a fourth draft in
17 the next couple weeks. That will go into the
18 formal 120 rule making process. And we
19 anticipate that document being a lot closer
20 to what we would think the final product
21 would be.

22 A lot of the research and analysis that
23 has gone into the creation of this document
24 is based on information from real property
25 assessments rolls. The acquisition, the

1 identification and acquisition of that
2 information, requires the very involved input
3 from our statistical role analysis team at
4 the Department. And given our recent season
5 of roll approval, they've been largely
6 unavailable during the last three months.
7 And in fact, just two days ago we received
8 what we think will be the information that we
9 can analyze over the next few days to produce
10 a draft document that we think will be pretty
11 close to what the final product will be. So
12 I say that in --

13 MR. KELLER: But can I say something?

14 THE ADMINISTRATOR: Yes.

15 MR. KELLER: That information will
16 relate primarily to the tables, or almost
17 exclusively to the tables at the back of this
18 document, the draft document.

19 THE ADMINISTRATOR: Well, obviously the
20 narrative within the document has to support
21 the quantitative analysis, so I would say
22 that I wouldn't narrow it to that. I mean,
23 it's going to be quantitative data, but
24 obviously the narrative part of the document
25 has to be consistent so that somebody can

1 look at the narrative portion and understand,
2 you know, what the quantitative data means in
3 the tables.

4 So with that, I'd like to go through
5 and just kind of give an overview of the
6 changes that were made to the third document
7 from the second document. In the -- in the
8 second draft dated July 10th there was a
9 Section 1.6 which was titled Geographic
10 Stratification for Mass Appraisal Quality
11 Assurance. The preceding section, Section
12 1.5, which you can view in the current draft,
13 Section 1.5 in the current draft is on
14 page --

15 MR. ZACHEM: Three.

16 THE ADMINISTRATOR: Three. Thank you.
17 This section is titled Description of
18 Geographic Stratification. The prior section
19 1.6 from the July draft was titled Geographic
20 Stratification for Mass Appraisal Quality
21 Assurance. Looking at the two paragraphs
22 they were really hitting at the same thing.

23 So what we did is with Section 1.6 we
24 deleted that section except for the last
25 sentence, and we inserted that sentence at

1 the end of Section 5. That seemed to make,
2 you know, a flow of thought that went
3 together there. It's not a major --
4 certainly not a major technical change there.

5 The information in a section from the
6 July draft titled Other Sources of
7 Information, and that was in Section 1.12,
8 that information was under consideration in
9 the initial research and analysis. And as we
10 go through the process and hone in on what
11 the statutes mean and what the implications
12 are for that, and we begin to narrow in on
13 what the intended use is and what the statute
14 requires, we lean toward getting away from
15 anything that is not consistent with that.
16 So the information in Section 1.2 was
17 considered basically irrelevant to the
18 purpose and intended use of the Guidelines in
19 the document. So that information was
20 deleted.

21 Section 2 in the July draft that
22 section was titled Information From Mass
23 Appraisal Sources, there was four
24 subsections. The same thing applies there
25 except for there was one portion in

1 Subsection 2.3 and this information was
2 retained within the document and was placed
3 on Page 7.

4 If you turn to Page 7, and this is
5 Section 3.3 in the August 14th draft, and if
6 you look right above Section 3.4, the four
7 short paragraphs right above Section 3.4
8 title is where the information from the
9 previous Section 2 of the July draft was
10 retained, and this was retained.

11 It was previously cross-referenced with
12 the information from our statutes and this
13 section discusses -- this is -- I'm talking
14 about the August draft now. This discusses
15 the intended use of market areas by the
16 Department of Revenue. Obviously this is
17 going to be directed by statute. And then
18 the reference from the professional
19 literature was presented, you know, as
20 support. This was a discussion from the
21 professional literature on the use of ratio
22 studies by an oversight agency.

23 And the basic point here is that both
24 the statutes and the professional literature
25 say that for statistical and analytical

1 review it's appropriate to stratify property
2 by type. In this case that pertains to our
3 seven statutory strata. It -- we have a
4 provision for geographic stratification. Our
5 statute refers to that as market areas. The
6 professional literature refers to that as
7 geographic area. And then we have value
8 ranges.

9 And the Department has been utilizing
10 these stratification tools for some time.
11 The purpose behind having Market Area
12 Guidelines is to increase the degree of
13 uniformity in the application of market area
14 codes statewide.

15 The next significant -- I don't know if
16 I'd necessarily call it significant. In the
17 July 10th draft there was a Section 5.5
18 titled Competing Considerations in Market
19 Area Development. This basically -- this was
20 deleted because it was repetitious.

21 This section basically discussed the
22 competing consideration in market area
23 development of, number one, stratification as
24 provided by statute in order to achieve
25 representativeness and allow the evaluation

1 of assessment uniformity with the fact that a
2 market area needs to be big enough to have
3 adequate sale data on a consistent year to
4 year basis to have a statistical useful
5 sample.

6 A geographic unit is not useful for the
7 intended purpose under the statute if there
8 isn't enough sale data because the purpose of
9 this is to use it as a geographic
10 stratification tool for several ratio
11 studies. So those are the two sort of
12 counter-balancing considerations. This is
13 discussed in several sections within the
14 document. So in order to avoid that
15 repetition, that section was removed.

16 Also, in the previous document, the
17 tables in the back were based on
18 distributions of market area counts for each
19 of the five statutory strata that are subject
20 to statistical analytical review by the
21 Department using market areas. As we move
22 toward finalizing a draft, we want to have a
23 document that is -- won't require updating,
24 and so we want to show what we believe is the
25 primary driver in the developing market

1 areas, or a primary consideration which is
2 parcel counts per market area. That is a way
3 of managing the issue of stratification to
4 achieve representativeness with the fact that
5 if you want to have sufficient sale data that
6 also implies a certain minimum quantity of
7 parcels within a market area.

8 And we've moved away from focusing
9 directly on sale counts per market area in
10 the development and maintenance of market
11 areas because, as we all know, depending on
12 economic conditions, you know, how different
13 property types may be in favor, different
14 locations may be in favor within a county
15 from year to year, if we're focusing on
16 directly on sale counts, that would imply a
17 substantial amount of annual work to create
18 market areas that would meet the sale
19 requirements.

20 So in order to meet the sale
21 requirements but also make the development
22 and use of market areas a wielding process on
23 an annual basis, we're focusing more on
24 parcel counts. And the parcel count analysis
25 is based, and will be based more fully in the

1 fourth draft, on the relationship between the
2 sale counts per market area and parcel counts
3 per market area.

4 And in -- so the tables in the -- this
5 is the -- in the third draft are based on
6 distributions of parcel counts per market
7 area. As a county grows, this would -- this
8 analysis would prevent the Guidelines from
9 becoming obsolete if we're just focusing on
10 the number of market areas. Certainly, the
11 implied number of market areas can be readily
12 calculated from looking at the parcel count
13 information for a county and then looking at
14 the parcel counts per market area, but if the
15 document focuses on market area counts, then
16 a county grows then that would sort of make
17 the document obsolete. So that was one
18 change in focus.

19 Another one was statutory strata 4 and
20 5. They're basically vacant land. Statutory
21 stratum 4 is vacant lots. Even when we look
22 at market areas from a parcel count
23 perspective, especially statutory strata 4,
24 is very subject to change on an annual basis
25 even in terms of parcel counts because

1 there's quite a volume of parcels that are
2 created every year through new subdivisions.
3 And then as these lots are sold in large
4 quantities, they're all of a sudden moved out
5 of that strata as they go into the improved
6 strata. And the same reasoning applies to
7 statutory strata 5.

8 So in this third draft we made the
9 decision to say in terms of statutory strata
10 4, first develop market areas for statutory
11 strata 1, which is single-family type
12 property, then with those boundaries, put the
13 statutory strata 4 property that falls within
14 those boundaries with a similar coding system
15 based on the stratum 1 boundaries.

16 And in the case of statutory stratum 5,
17 it said start with statutory strata 6, which
18 is improved commercial and industrial
19 property, and then use those boundaries for
20 statutory strata 5, which in most cases is
21 comprised largely of vacant, commercial and
22 industrial land.

23 I think that's pretty much it for that
24 part of the document. And the last item is
25 in the last section of the document which in

1 the July 10th draft was Section 6.3. In the
2 August 14th draft that major section is now
3 Section 5 because we have five major sections
4 now. The former Section 6.3 was titled
5 Minimum Sample Size Requirement for Market
6 Areas. That was deleted because of
7 repetitiousness. We, believe it or not, we
8 realized we had a section in the previous
9 part of the document with the exact same
10 title, saying pretty much the exact same
11 thing. That part of the document is now
12 labeled Section 4.4 in the August 14th, 2003
13 draft, and that's also titled Minimum Sample
14 Size Requirements for Market Areas.

15 And so that pretty much that's where we
16 are in terms of this draft. Just a couple of
17 notes on where -- okay. Mr. Keller pointed
18 out this is a -- volume-wise this is a very
19 small change but certainly might be of
20 interest.

21 This would be in Section 5.8.

22 MR. KELLER: Point 9.

23 THE ADMINISTRATOR: I'm sorry, 5.9 on
24 Page 14 of the August draft. We're looking
25 at Section 5.9 on Page 14. That section is

1 titled Market Area Delineation and Coding
2 Plans. This section talks about the
3 voluntary submission of a market area
4 delineation and coding plan from counties to
5 the Department. For those counties wishing
6 to receive aid and assistance from the
7 counties on the development and delineation
8 of market areas, the submission date, the
9 submission deadline, for that document was
10 previously August 15th, 2004. And this is
11 under the presumption or the expectation that
12 this document will be adopted effective by
13 the end of 2003. That submission date for
14 the market area delineation and coding plan
15 has been moved up to June 1st, 2004.

16 We realize that would allow five months
17 for the development of such a plan as opposed
18 to the August which would put us, you know,
19 way past the six month mark. And that is
20 kind of getting into quite a bit into the 18
21 month period that is provided for under the
22 document for the submission of marketed area
23 codes to the Department on the 2005
24 preliminary assessment rolls with the codes
25 being developed according to the Department

1 Guidelines.

2 So we moved that date up a little bit
3 with the expectation that it would allow more
4 time for aid and assistance to actually occur
5 in response to the submission of that plan.

6 From here, as I mentioned, we've got
7 some additional data and those data are
8 largely comprised of additional sale count
9 data that are taken from assessment rolls
10 submitted by property appraisers. And the
11 way those sale data work and what we're
12 looking at, is we take the qualified sales
13 reported by property appraisers on assessment
14 rolls and it applies to the -- the programs
15 apply certain filters. One is -- I don't
16 have a complete list of those.

17 We will probably -- we certainly need
18 to provide documentation on how that filter
19 works for reference in the future, but
20 basically it takes the qualified sales
21 submitted by property appraisers, it deletes
22 duplicate OR book and pages, it throws out
23 sales where the year of construction and the
24 year of sale are the same. In other words,
25 it throws out new sales, and that's done to

1 -- so that the sale data base is not too
2 heavily weighted by new construction sales
3 which is a typical part of the literature.

4 And I can't think of any other filters
5 right now, but those are the primary filters
6 that occur. It's important to -- these
7 filters are the ones that will be applied in
8 the Departments on statistical programs that
9 will be used to analyze assessment rolls
10 using market areas. So in analyzing the
11 available sale count data in relation to
12 parcel count information, which will be the
13 focus of the document, we want to make sure
14 that we're using parcel count infor -- I'm
15 sorry, sale count information that will be
16 consistent with how rolls will be analyzed
17 once the market area codes are developed and
18 reported.

19 And as I mentioned, the last three
20 months our staff, who are available to
21 produce that information, have been slightly
22 busy. And in fact, we just received the
23 calendar year 2002 sale information with the
24 submission of the 2003 preliminary assessment
25 rolls. The sale counts information in this

1 draft is based on calendar year 2001 sale
2 information. So we're going to be looking at
3 calendar year 2000 sale information, 2001 and
4 2002 and looking at the variation in sale
5 counts over that time.

6 We don't want to base the Market Area
7 Guidelines on sale count information that
8 will represent an economic peak in activity.
9 So, if anyone has any -- that would be an
10 area we would certainly invite input if
11 anyone thinks that it would be better to use,
12 you know, one year or the other, if you have
13 any comments regarding 2000 through 2002
14 being a peak over a sustained long term, you
15 know, sale count, that's something we're
16 going to be looking at.

17 And this is not going to be perfect. I
18 mean, there's absolutely, you know, we're
19 going to do the best analysis we can and then
20 come up with what we think is reasonable in
21 terms of parcel counts and then provide
22 appropriate ranges to allow for the
23 flexibility and situations in different
24 counties. And in -- we recognize in some
25 cases because of variation in sale counts

1 from year to year that we may not have the 30
2 sales within a particular market area in some
3 cases that are necessary for ratification of
4 our statistical programs.

5 That's pretty much how we got to where
6 we are right now and where we think we're
7 going. And at this time I'd like to just
8 open it up, take any comments, and you can
9 just, because the room is small as I
10 mentioned, you can just comment from your
11 seats if you'd like, but if you would please
12 identify yourself and your organization for
13 the court reporter.

14 MR. ZACHEM: David Zachem, and I'm here
15 representing myself. I had provided at an
16 earlier date some written comments and I have
17 briefly skimmed through the comment change
18 that you have just focused on and basically
19 see that this is a better document than it
20 was before in my opinion.

21 I have probably comments on two areas.
22 Area number one would be in an area that I've
23 spoken in regarding the market areas in the
24 past, and the second area would be to comment
25 on a few of the things that you said this

1 morning, primarily the end of your comments.

2 I'd like to go to two first, if I might.

3 THE ADMINISTRATOR: Okay.

4 MR. ZACHEM: I recall that you had
5 indicated that you had a -- that you were
6 focused on a filter that would filter
7 duplicate OR book and page numbers. I'd like
8 for you to rethink that in looking at
9 commercial properties. I'm not sure that
10 you're not going to find that there are some
11 commercial sales, particularly in strata 4
12 and 5 that you may not want to filter out all
13 of your sales that have duplicate OR book and
14 page.

15 And the reason I'm saying this is
16 because to hit your target sale sample, it's
17 going to be awfully difficult in 4 and 5 to
18 get enough sales, in my opinion, in looking
19 at the geographical delineations that you're
20 focused on. I -- if you're -- if you're
21 looking at a geographical area and you dump
22 say all 04 sales into that area, you might
23 get a significant number, but that number is
24 going to reflect multiple uses of 04's with
25 inside the same market area.

1 And I just, in my opinion, I don't see
2 where that's going to be any value in trying
3 to -- in trying to ascertain whether the
4 property appraiser has or has not reached the
5 level that you can sufficiently test. I see
6 some real problems there.

7 The last thing you were talking about
8 in your sales sampling, and I'd like to bring
9 in some of my number one comments that I have
10 addressed in the past, you know. I know that
11 there's a -- there's a tie-in with the word
12 geographical, and I'm going to once again, as
13 I have every one of these meetings, mentioned
14 the subject, and you know that. And I
15 understand there's some statutory language
16 problems and that sort of thing, but I'd like
17 to once again caution the Department in the
18 use of a geographical line on the map in
19 order to create an economic area within 04's
20 and 05's.

21 It's my experience that economic areas
22 are difficult to strata with inside lines on
23 maps, and sometimes those lines actually
24 cross county boundaries. I, once again,
25 would recommend to the Department of Revenue

1 that it -- that it, when it's focused on 04's
2 and 05's strata, that it looks at
3 sub-stratification with inside that.

4 You're not going to find any
5 commonality, for instance, in a sales
6 sampling search in a geographical area
7 between hotels that are leisure tourist
8 focused and motels that are on an interstate.
9 There's just no -- if you set a geographical
10 area up and those sales are combined with
11 inside the same geographical sales samples,
12 it's going to skew what you're doing a great
13 deal because the two bases of all the work we
14 do in this mass work is always and will
15 always be homogeneity in the number of sales.

16 I mean, those are the two dragons that
17 we fight all the time. And 04 and 05's
18 resist homogeneity to a great degree. And I
19 think that's why it's so difficult in trying
20 to come up with a line on a map that
21 specifically identifies it.

22 I understand what the Department's
23 trying to do. I think the goal of the
24 Department is very good. I applaud you for
25 the direction you're going in. And we've

1 been kicking this around for ten years or
2 more, you're correct, and I know you've got
3 to do something, but I just -- I would -- I
4 would add this caution that as you get there
5 this first year and second year and the third
6 year, to be extremely sensitive. We've got
7 two people on a side of the table, we've got
8 agents and we've got property appraisers, and
9 if the Department pushes in the wrong
10 direction, you're going to put both of us in
11 an atmosphere where neither one of us like
12 doing what we're doing. And I'm --

13 THE ADMINISTRATOR: That happens
14 periodically.

15 MR. ZACHEM: That happens periodically.
16 The property appraisers get pushed by you
17 because you're looking at certain supportive
18 data, and then we come along and dismantle
19 that data with other facts. The property
20 appraiser's sitting there saying, well, you
21 know, the DOR's, you know, using this to get
22 me there, and yet at the same time, the
23 testimony you're providing at a VAB or
24 circuit court is well settled and we're too
25 high or we're too low, whatever the point is

1 you're at.

2 So I would say that, you know, once
3 again as I have in the past, I caution you in
4 how you're setting these sales samples up by
5 grouping. Number two, to throw the two
6 digits away in the garbage can. Most
7 responsible property appraisers are at four
8 digits, if not higher, in the work they're
9 doing to identify use, particularly
10 commercial use.

11 And the third thing I would say is, you
12 know, really consider those filters as to how
13 you're focused on it because the greater the
14 number of the filters the less the number of
15 sales samples you're going to have. I mean,
16 for instance, right now you suggest on a list
17 of unqualified from the Department of Revenue
18 to disqualify every sale that might have been
19 a divorce or a financial institution's
20 involved and some other things, and yet we
21 know in the real world some of those sales
22 are actually arms length transactions. And
23 even though the P.A. might put them off to
24 you as used, in the real world we both are
25 using them as qualified sales. That's not --

1 that's not unusual.

2 So I just pass on that comment and also
3 say that it's a much better draft than where
4 you were before. I think you're going in the
5 right direction. I applaud you for doing a
6 job which I think is extremely difficult to
7 get to.

8 THE ADMINISTRATOR: I would certainly
9 agree with you on that on the difficulty.
10 Just for clarification, when you say 04 and
11 05's, are you talking about commercial?

12 MR. ZACHEM: Commercial, industrial.

13 THE ADMINISTRATOR: Okay. Just for
14 clarification, that is -- that falls
15 within --

16 MR. ZACHEM: Is that 5 and 6?

17 THE ADMINISTRATOR: That's 6.

18 MR. ZACHEM: That's 6. I misspoke.

19 THE ADMINISTRATOR: Statutory strata 6.

20 MR. ZACHEM: I misspoke. I should back
21 up and say, you know, we have the same
22 problem with 01's, you know, and both county
23 property appraisers that I worked for we
24 learned ten, fifteen years ago that if --
25 that the way in which we were doing 01's, if

1 you don't take out of those 01's single
2 families that have assessments of say values
3 of like \$400,000, \$500,000 or greater, if you
4 don't take them out of your modeling process,
5 you're going to end up with some attributes
6 that are way out of range. Because when
7 you're messing around with 01's, when you hit
8 that mark, and it's different in certain
9 market areas, but when you hit that mark of
10 \$300,00, \$400,000, \$500,000, you begin to get
11 individuals who use unique choice aspects in
12 a single family house and uniformity really
13 suffers in that area.

14 And most of the modeling processes that
15 we have fail to really get you where you're
16 going. A lot of newspaper articles, some
17 elected property appraisers unelected because
18 of that, local newspapers referring to
19 particularly in PRD's, under-appraising
20 higher end properties, over-appraising lower
21 end properties, you know, and, of course,
22 nothing -- none of that was done intentional,
23 it's just a result of the way those systems
24 model out. Anyway, that's my comments.

25 THE ADMINISTRATOR: Your comments are

1 certainly well taken. A frustration that
2 many of us have at the Department is the
3 computer system we have. Mr. Keller I'm not
4 sure if he was born when that thing, I know I
5 wasn't born when our computer system was
6 developed. And we have a dream that we will
7 have a relational data base based client
8 server that would allow the development of
9 better analytical techniques.

10 One of the things that happens is
11 strata 4 sales that occur during the year
12 which are also built on, I mean, it can be
13 good arms length strata 4 sales that are
14 subsequently improved and they're improved by
15 the time the roll is submitted, you know,
16 aren't studied because the use code changed
17 because that's the way the programs were set
18 up.

19 And there was a policy decision made,
20 and I certainly understand this, by the
21 Department not to change, not to incur the
22 resources, the expenditure of resources to
23 update the programming because with the
24 anticipation of switching over, and not to
25 mention the fact that I don't -- I think

1 there's like one cobalt programmer left on
2 the face of the earth.

3 And so a lot of what you're getting at
4 would certainly be something for
5 consideration hopefully. I'm not sure what
6 the anticipated date, and I wouldn't even --
7 I've learned not to anticipate dates or
8 getting new resources at the state level, but
9 those are certainly points that we would
10 like --

11 MR. ZACHEM: One last thing if I could
12 jump back in. I forgot to make a comment on
13 this. I do want to get to it. You were
14 talking about sale data collection by year.
15 The Department really needs to be careful of
16 that 9/11 date. I'm just going to tell you
17 that a lot of uses of property, a lot of
18 market sales that took place before 9/11 have
19 no rationale in the market place after 9/11.

20 THE ADMINISTRATOR: How do you think
21 that would -- the only way that would come
22 into consideration now would be looking at
23 sale count, quantities of sales. Just from a
24 little bit of checking I've done, it seems
25 like 2001 sale counts were higher than 2000.

1 We don't -- we haven't looked at 2002 yet.
2 How do you think that would affect the volume
3 of sales, which is really what we would be
4 looking at here?

5 MR. ZACHEM: I think when you look at
6 the fourth quarter of '01 you're going to see
7 that the number -- the number of sale counts
8 going to go down, and several commercial
9 uses, and that's going to carry over into
10 '02. And then I think when you start looking
11 at the end of '02, the next quarter, and in
12 '03 you're going to see some dumping taking
13 place.

14 So you're going to see a fall off, then
15 you're going to see a little increase again.
16 But that increase is going to be economic
17 dumping, and that's because there's a lot of
18 nationals who have been forced in the stock
19 market to re-put their lending packages
20 together. And with inside those lending
21 packages, I can think of a couple right now
22 where, you know, say you've got a
23 restructured two million dollar debt and the
24 lender has said, oh, by the way, we will not
25 do this unless you dump 200, 250 million

1 dollars of your current portfolio. So the
2 house has no choice but to dump 30, 40
3 properties. And they usually dump them.

4 And I will tell you that that's going
5 on right now that we're -- we're in the very
6 beginning stages of that right now.

7 THE ADMINISTRATOR: Okay. Looking at
8 the 2002 -- 2001 and 2000 calendar years, do
9 you think these factors you're mentioning
10 would have resulted in any one or more of
11 those areas being abnormally low or high in
12 terms of sale counts?

13 MR. ZACHEM: Yes.

14 THE ADMINISTRATOR: Okay.

15 MR. ZACHEM: But the same thing's going
16 to be true if you're looking at 01's and you
17 make the mistake of looking at refi's and see
18 a recorded refi, it's not really a sale, it's
19 a refi. I mean, if you -- if you were -- and
20 that's a very elementary mistake that I'm
21 sure none of us in this room would make.

22 But if you're looking at an OR book and
23 page and you see doc stamps and that doc
24 stamp's really not a sale, it's just a refi,
25 that would give you a distortion. Just like

1 if you're focused on 9/11 and you see some
2 aspects of the commercial market greatly
3 affected by 9/11.

4 THE ADMINISTRATOR: Okay.

5 MR. ZACHEM: So your numbers of sales.
6 We haven't had any significant hotel sales in
7 the State of Florida through the entire
8 fourth quarter of '01 and through most of
9 '02. And then we had a number of
10 foreclosures hit.

11 THE ADMINISTRATOR: I'd like to go back
12 to another point you made that is -- is very
13 much an issue when looking at defining what
14 is a market area, and you know, the
15 conclusion that we've certainly come to that
16 in making that definition you have to say,
17 well, for what, you know, for what purpose.

18 If you have -- the word market area is
19 out there in the professional literature for
20 site selection and feasibility analysis, you
21 know, sort of development, you know,
22 analysis, that, you know, it might involve
23 fundamental economic research and that kind
24 of thing, there's concepts of market areas
25 there and those will vary. The size of them

1 will base for properties adjacent to each
2 other will vary based on the particulars of
3 that property type.

4 Well, obviously basing market areas for
5 mass appraisal purposes on that meaning if
6 every property has its own market area,
7 market area boundaries are going to cause a
8 map, a parcel map, to be dark with market
9 area lines. So that's not feasible.

10 And but getting to your -- I think the
11 point you were making was from the
12 perspective of viewing a market area as being
13 analogous to a comparable search area, which
14 probably would be analogous to a competitive
15 area. That somebody wants to buy a hotel
16 with certain locational or visible
17 characteristics in the State of Florida or
18 South Florida or the Tampa Bay area or
19 whatever, they're going to narrow it down to
20 a certain defined set of criteria and then
21 they're going to look at what's available for
22 that, and then anybody selling that type of
23 property will have these potential buyers,
24 the people looking for something.

25 And obviously that -- in those stratum

1 6 that's going to cross county lines, which
2 by the definition of market area here, you
3 know, market areas shouldn't cross county
4 lines.

5 Conversely, with single-family
6 property, you know, as we define a market
7 area big enough to have enough sales, that
8 may be significantly bigger than the
9 competitive search area for that property
10 type. In other words, you may only want to
11 look for sales right in that neighborhood or
12 something, if you're looking at individual
13 property bases. And that's something that
14 we've looked at a lot, we've looked at the
15 literature, and the only conclusion that we
16 were able to come to to get us consistent
17 with the statute was as we defined in the
18 document. And the definition of a market
19 area is that a market area for purposes
20 specified in the statutes that it is not
21 synonymous with a comparable search area.

22 And then that leads us to the issue of,
23 well, this -- and your concern you presented
24 of this, and counties have certainly -- I
25 mean, it's in discussions at workshops and

1 whatever have mentioned this concern as well
2 that the way market areas are defined here
3 may be perceived as not useful in the
4 appraisal process in producing values or in
5 the VAB process or whatever.

6 And here we have to be concerned about
7 the seven statutory strata that the statute
8 says well-established and the law says the
9 Department shall analyze these groupings.
10 And so that's an initial limitation. The
11 analogy there is statutory stratum 1, for
12 example, contains residential condos and
13 single-family homes.

14 Well, the Department studied those in
15 one grouping for level of assessment and
16 other statistical requirements by statute,
17 but if you're out appraising a single-family
18 home, you're not going to get condo sales.

19 Conversely, in the statutory strata 6
20 you've got hotels, warehouses and shopping
21 centers. Well, those are studied together,
22 grouped together according to statute. And
23 that's consistent with the literature and
24 ratio studies, you group things together
25 because you kind of get a sample size. But

1 you certainly wouldn't go out and get hotel
2 rents to appraise a shopping center.

3 So that brings us to the conclusion
4 that market areas as defined for the intended
5 purpose in the statutes. And as you know,
6 supported in the professional literature for
7 this purpose can't be synonymous with a
8 geographic grouping of property or an
9 economic grouping or however you want to do
10 your market segmentation for appraisal
11 purposes. Because what you may do for
12 appraisal purposes, as we mentioned before,
13 is not necessarily how you're going to group
14 property to test the results of the mass
15 appraisal using mass analysis techniques,
16 which is what the Department's responsibility
17 is.

18 And we don't want -- so the position
19 we've taken is say we don't want to take away
20 anybody's right to do whatever they want to
21 do in the valuation process, we don't want to
22 take away anybody's right to say whatever
23 they want to say, the VAB in litigation or
24 whatever. We're saying this particular thing
25 that we've got to do, and we ought to be

1 doing according to the statute and for good
2 professional practice at the oversight level,
3 this is what it is. All the other stuff is
4 you can do whatever you feel is appropriate,
5 property appraiser can do whatever they feel
6 is appropriate for valuation purposes.

7 But so we're kind of drawing a boundary
8 there not encroaching on what anybody else
9 wants to do, but yet allow us to focus in and
10 get this thing done so we can start analyzing
11 uniformity.

12 MR. ZACHEM: And I think that's what
13 I'm saying. I think exactly what I'm saying
14 is that if you've got to go in this
15 direction, that's fine, but be extremely
16 careful of the results you're going to come
17 up with. Don't make the mistake that
18 Dr. O'Connor did out of the New York VA
19 office in 1988, wonderful article in IAAO --

20 THE ADMINISTRATOR: Is that Pat
21 O'Connor?

22 MS. ZACHEM: Yes. And I was chief
23 deputy in Pinellas at the time and here's
24 this article on a software program to
25 appraise commercial property. And in 1988

1 this article looked like it was going to be
2 the greatest thing in the whole world. And
3 I'm sitting there saying, wow, software to do
4 commercial property, that's great. And then
5 after you got into it, you found out that he
6 took industrial and hotel and office and
7 apartment, put them all in a cement mixer and
8 swore that the results were great, but his
9 attributes, I mean, he had a COD range that
10 was wider than a cow. And he had out
11 lighters that were all over the place.

12 Of course, the agents had a field day.
13 I mean, that was really great. I'm just
14 saying that -- and by the way, I learned at
15 that particular time, and my opinion is right
16 now, that no one is ever going to come up
17 with a modeling process that is going to
18 sufficiently do high end commercial property,
19 it's too unique and it's too subject to
20 individual economic decisions on one property
21 to another property.

22 I understand what you're trying to do.
23 You're trying to get to a point where you can
24 -- you can come up with a rationale to look
25 at these counties as to what job they're

1 doing. And I'm just saying as long as you
2 keep that attitude with the Department of
3 Revenue, you're going to do this, you're
4 going to come out with a result, but be very
5 tenacious as to what you're going to do with
6 those results because you can come and start
7 beating up on all of us. I mean, the agents
8 are just as much involved in all this as the
9 property appraisers are. And none of us
10 really want to see something that -- that
11 really skews value one way or the other. And
12 that's all I'm trying to say.

13 THE ADMINISTRATOR: Okay. Just out of
14 curiosity, you talk about Pat O'Connor's
15 model, is that location, value, response,
16 surface analysis?

17 MR. ZACHEM: Yes, it was. It was
18 terrible. It was just -- I mean, I've been
19 laughing about that for over a decade now.
20 He still swears by it by the way.

21 THE ADMINISTRATOR: Yeah, that's an
22 interesting -- I've seen his presentation and
23 had numerous discussions with him. I share
24 your interest in his product.

25 MR. ZACHEM: I'm just saying -- I'm

1 just suggesting you don't want to follow down
2 that same road.

3 THE ADMINISTRATOR: No, I don't think
4 there's -- Mr. O'Connor did submit a
5 proposal, I believe, to the Department last
6 year through one of his other contacts with
7 the Department.

8 MR. ZACHEM: Here in Florida?

9 THE ADMINISTRATOR: Oh, yeah, to do
10 statewide market areas using GIS and census
11 data and whatever else for quite a tidy sum,
12 and we respectfully declined the offer. So
13 I'm assuming that would meet with the
14 approval of quite a few people.

15 MR. ZACHEM: I agree.

16 THE ADMINISTRATOR: I think the
17 property appraisers in your side would agree
18 with keeping his services somewhere else.
19 Anyone else, comments?

20 MR. BARBER: I want to tie in to what
21 Mr. Zachem said. My name's Wade Barber, I'm
22 from Pasco County. And I've said it at every
23 meeting, I think we've gotten into our
24 written responses and I'm going to say it
25 again because it's such an important issue.

1 It ties into what Mr. Zachem was saying is,
2 and what you're saying, as long as the
3 Department doesn't utilize these market areas
4 and start building models from mass
5 appraisals to replace their -- as a vehicle
6 for doing in-depth studies, however you want
7 to cut the pie up is fine, but when you start
8 modeling off of a market area, especially for
9 items of high end residential and commercial
10 property we're talking about, there's not
11 going to be enough information perhaps even
12 at the state level if you were to combine all
13 these areas together to come up with accurate
14 coefficients, or whatever you want to term
15 them, to measure the different property
16 traits and attributes. So the Department
17 needs to stay clear of modeling based on
18 market areas.

19 THE ADMINISTRATOR: That point is
20 certainly well taken. I can assure you that
21 as a, I guess what am I called a subject
22 matter --

23 MR. KELLER: Expert.

24 THE ADMINISTRATOR: -- advisor? I'm
25 not an expert. I get my opinion within the

1 Department. I will always advise the
2 Department not to get into the mass appraisal
3 business. There are certain proponents of
4 that. They are very, very small in number
5 and low in terms of their influence. But
6 that issue has been beat around for some time
7 and I can just say I know of no intent by any
8 of the current management structure at the
9 Department to go in that direction.

10 And I think we can say that as long as
11 Mr. Keller and I are there that we will voice
12 opposition to that. That's obviously why we
13 have elected officials and it's -- that's
14 contrary to the way our property tax system
15 is set up in the State of Florida.

16 MR. KELLER: The reason that we would
17 recommend against that is for the reasons you
18 indicated, based on the methodology being
19 problematic.

20 THE ADMINISTRATOR: Even though the
21 Department has an extraordinary amount of
22 expertise in that area and it can easily be
23 done, just that we don't want to do it using
24 market areas. As my attorney, Mr. Keller,
25 you're supposed to advise me not to say

1 things like that on the record.

2 Any other comments? Yes, sir.

3 MR. PENNINGTON: Ken Pennington with
4 Osceola County. I understand we're going to
5 use strata, that we're doing stratification
6 within the stratum. One of my appraisers
7 brought up concern to me that you're going to
8 have different market areas for vacant
9 residential land and, you know, approved
10 residential land. They were just concerned
11 over that being an issue with people going
12 out collecting the data, not changing the
13 correct market area. That could cause quite
14 a bit of problem whenever we're looking at
15 running fiscal analysis on. Right now
16 stratum is done by use code.

17 Presently I guess that's something
18 we'll have to worry about cleaning up
19 in-house, but I just wondered if you all
20 considered tying the two together, tying the
21 residential in with the improved, rather the
22 vacant and residential with the improved?

23 THE ADMINISTRATOR: Yes, we have, and
24 this draft addresses that. What this draft
25 basically says is do your analysis of parcel

1 counts and your relevant boundary issues and
2 legal, fiscal and economic issues and come up
3 with boundaries for stratum 1 property, and
4 then once that is done, all of your stratum 4
5 codes, coded property, would be given a
6 market area coding system based on the same
7 boundaries that are used for statutory
8 stratum 1 property.

9 And that's certainly a concern that has
10 been there. And that was done for certainly
11 for the reason that you're talking about in
12 addition to the fact that even trying to
13 manage stratum 4 parcel counts from year to
14 year would be an unwieldy process because of
15 the creation of large numbers of stratum 4
16 properties every year through the subdivision
17 process, and then the deletion of large
18 numbers of properties coded with stratum 4
19 use codes through the development process in
20 selling lots and developing them. So that has
21 been -- that's certainly been addressed.

22 Now, the Department's -- the way the
23 program would work, it's still going to
24 separate stratum 1 and stratum 4 out, and
25 we've studied by the stratum, the seven

1 statutory strata.

2 And another thing we thought about
3 there is you look at stratum 1 parcel counts
4 and they're generally significantly higher
5 than stratum 4 parcel counts. So we thought
6 since we want to, you know, in consideration
7 -- after consideration of all the other
8 factors, we want to maximum the number of
9 market areas, you know, with sufficient
10 numbers of sales to study so we can
11 demonstrate uniformity as much as we can.

12 Even though there's a lot fewer stratum
13 4 parcel counts and then you're spreading
14 those among a higher number of market areas
15 developed according to stratum 1 analysis, I
16 think there will be in most counties quite a
17 few stratum 1 market areas that won't really
18 have any or very small number of stratum 4
19 parcels because those will built be out
20 completely and that the stratum 4 parcels
21 will be spread over relatively few stratum 1
22 market areas, thereby increasing the
23 probability that you'll have parcel counts
24 sufficient to provide a reasonable number of
25 sales for analysis.

1 That's one -- that was one thought.
2 And the other thought is the Department does
3 statistical analysis on all statutory strata
4 within a county that comprises five percent
5 or greater of the total assessed value of the
6 roll. Statutory strata 4 is studied, I
7 believe, in 35 out of the 67 counties, a
8 little over half. But if you look at strata
9 4 in terms of percentage of the total roll,
10 most of those counties it's between 5 and 10
11 percent of the roll. And there are few
12 smaller counties where it gets up 20, 25
13 percent, but generally looking at the greater
14 part of the state, strata 4 is not a huge
15 part of the roll.

16 So all of these factors were considered
17 and you said, you know, why, you know, go to
18 all this tremendous annual effort of sort of
19 chasing stratum 4 parcels when it's not a
20 huge part of the roll anyway, it's not
21 studied in half of the counties. And you've
22 got a good likelihood of still having quite a
23 few sub-classifications that have enough
24 sales by putting strata 4 parcels into
25 stratum 1.

1 So that's already been addressed. And
2 we addressed strata 5 in the context of
3 stratum 6 the same way. So we think that's a
4 substantial improvement of the third draft
5 over the second draft.

6 Any other comments? I know St. Lucie
7 county doesn't have any comments.

8 MR. RAHAL: Vince Rahal, St. Lucie
9 County property appraiser. I'd also like to
10 commend the Department in continuing of the
11 forming of this document. We feel it is
12 taking shape as expressed by me and other
13 parties here.

14 We feel that, you know, the stratum
15 grouping is an excellent change the
16 Department made. It's a logical relationship
17 between the stratums and you've grouped them
18 together. We feel that is a good step in the
19 process.

20 I have some comments regarding some
21 other areas. One of them being the range.
22 And first of all, I'd like to say I think the
23 range should be within a stratum, for
24 example, a grouping of stratum, a range
25 should be a statewide range rather than a --

1 rather than one that the table shows is
2 exclusive to the county basically where you
3 have varying degrees as the county grows in
4 size for parcel for that stratum your ranges
5 are different.

6 And it's our opinion that the range
7 really should be a statewide range, for
8 example, in stratum 1, stratum 1 form it's
9 table two, instead of 1395 and 1705 at the
10 bottom there and a 6300 to 7700 range, you
11 look in lines of something between say 1395
12 and 7722 as your range of stratum.

13 THE ADMINISTRATOR: I'm sorry, did you
14 say -- do that again.

15 MR. RAHAL: Okay. Table two you have
16 your first county 1451 and you have a minimum
17 and maximum range.

18 THE ADMINISTRATOR: Right.

19 MR. RAHAL: And your range is 1395 to
20 1705.

21 THE ADMINISTRATOR: Right.

22 MR. RAHAL: Well, as you continue down
23 you have different ranges for each different
24 counties. We're saying is that you get down,
25 for example, the last county you have range

1 of 6300 to 7700 parcels. It's our opinion
2 that the range really should be just one
3 range, for example, maybe from 1395, whatever
4 the final number is, I don't think this
5 should be the final number, the range of say
6 1395 to let's say 7722 for the state and not
7 broken down in county by county.

8 As far as range size, it's hard to
9 believe at this point, you know, for us to
10 say, I think it may be a little bit small.
11 I'm again using what I had just indicated as
12 the 1395 to 7700 which seems like it might
13 start fall in line where it should be, but I
14 think it still could be a little on the small
15 side, at least stratum 1 and 4 where it takes
16 a smaller geographic area to arrive at a
17 parcel count like that versus say stratum 5
18 and 6 which will take a lot typically unless
19 you have a massive downtown area, which some
20 counties obviously do, it will take a lot
21 larger geographic area.

22 So I feel like on the stratum 4-5, 5-6
23 category that you probably have a smaller
24 range. So I don't think there needs
25 necessarily to be a correlation between the

1 groupings, the range in 1 and 4 versus the
2 range in 2 versus the range in 5 and 6 can
3 all be different, but I think within the
4 ranges they need to be the same within
5 statewide.

6 THE ADMINISTRATOR: Okay. So different
7 ranges, whatever the analysis shows for the
8 different strata, statutory strata, but
9 within a strata you're suggesting the same
10 range would apply to all the counties?

11 MR. RAHAL: Correct.

12 THE ADMINISTRATOR: This is -- this
13 issue you're touching on has been the
14 discussion of an incredible amount of --
15 taken a lot of time within the Department and
16 still going to take a lot more time, and that
17 there is -- we don't have a consensus yet
18 within the Department, and it's a difficult
19 -- very difficult issue.

20 One thing I like about your approach is
21 that it's really simple. I would love for
22 this thing to be simple. The basic problem
23 with that is we're looking at these competing
24 considerations that we talked about, you
25 know, you want a strata 5 to enhance

1 representativeness and to evaluate -- give
2 yourself the ability to evaluate uniformity
3 and demonstrate uniformity. But you also
4 need enough parcels to have enough sales as
5 much as possible on a year to year basis.

6 And then those two issues -- and you're
7 looking at the small counties. Let's just
8 look at we've got a number of counties -- I'm
9 looking at table two here on the August 14th,
10 2002 draft. The smallest county has 1451
11 parcels, and then let's go up to 9,561
12 parcels, and maybe that's a third of our
13 counties or maybe 30 percent or 25 percent or
14 whatever.

15 If we don't have smaller ranges, in
16 other words, if the upper boundary of the
17 ranges for the small counties isn't
18 significantly lower than what you're talking
19 about, then you can easily result in no
20 market area at all. I mean, even the
21 analysis shows, I mean, we have right now
22 even on some of the counties we have an
23 overall maximum parcel count per market area
24 that's greater than the number of parcels
25 they have. So some counties it's not really

1 going to matter if they have, you know, as
2 far as this analysis is concerned, they got
3 one market area and that's it. And they
4 probably may not still have enough sales. So
5 what you're saying is a bit problematic at
6 the small end.

7 MR. RAHAL: I don't think so, and let
8 me explain why.

9 THE ADMINISTRATOR: Okay.

10 MR. RAHAL: I'll wait till you're
11 finished.

12 THE ADMINISTRATOR: Okay. At the -- at
13 the upper end, I don't -- you know,
14 theoretically I don't necessarily have a
15 problem with that. What this is in this
16 draft, these are overall, what we have here
17 is a overall minimum parcels per market area
18 and then there's an overall optimum parcels
19 per market area and then an overall maximum.
20 And these are intended to represent in this
21 draft where according to the Guidelines we
22 would like to see the average number of
23 market areas, parcel counts from market areas
24 to fall within that range.

25 Now, something that we have discussed

1 and we're considering looking at for the
2 fourth draft is having another provision
3 within the Guidelines that say here's what
4 we'd like the average to be for the roll for
5 stratum 1 property, but within a particular
6 market area here's a range, here's a much
7 bigger range, something along the lines of
8 what you're proposing.

9 And that would -- that would give the
10 flexibility to a property appraiser to look
11 at the legal and physical characteristics of
12 stratum 1 property and how it may vary within
13 a county, and if it fit the parcel count
14 requirements per market area to whatever the
15 situation is, but yet, not allow it to get
16 too skewed too far, you know, one way or the
17 other. And that would -- that would be
18 provided for by the overall minimum and
19 maximum of a much more narrowed range.

20 But having said all that, this is a
21 very difficult issue. And we would like as
22 much input as anyone would like to provide.

23 MR. RAHAL: I'm going to continue.

24 THE ADMINISTRATOR: Okay.

25 MR. RAHAL: Okay. Well, if you look at

1 the example you gave --

2 THE ADMINISTRATOR: Okay.

3 MR. RAHAL: -- in the 1,000 and 9,000
4 count, I think what you start to do is you
5 start to restrict yourself sometimes by doing
6 that by making a smaller range. When you
7 start taking the samples, the sample size,
8 you would end up with the sales obviously,
9 you're going to end up with small amounts of
10 sales in lots of cases. You're narrowing
11 your sample. What you're looking for is
12 bigger samples. You talk about minimum,
13 you're actually narrowing yourself by doing
14 this.

15 As an example, I think even the 8,000
16 range there is some of those you have 1800
17 optimum you might end up with four or five
18 market areas. You have 240 sales so now
19 you've got maybe, you know, 40, 50 sales or
20 whatever, something like that. You are
21 actually now by doing that, by setting those
22 smaller ranges down there, you're setting
23 yourself up for failure in my opinion.

24 And so to go on with what I was stating
25 before is that, and I'm not a statistician,

1 but I try to do a little bit of studying on
2 this, and basically from most of the
3 documents and things that I was reading, what
4 I saw is that sample sizes tend to be larger
5 and they need to be large enough to be
6 meaningful, that's what I think you quoted in
7 Sections 4.4 and 3.3, is that they have to be
8 meaningful. All the research and information
9 that I looked at, you know, what typically I
10 found was that you needed a number bigger
11 than your 30 or 40 that you're looking at,
12 that you needed a number substantially, you
13 know, larger than that. And as the
14 population grows you don't need that much
15 more.

16 THE ADMINISTRATOR: Right.

17 MR. RAHAL: So it's not a direct
18 correlation between the population size and
19 the sample size except you need to start at
20 maybe a higher sample amount. And as your
21 population grows you don't -- it's, you know,
22 you double the population but don't
23 necessarily double the sample size. In fact,
24 in some cases it's almost the same where only
25 a few different samples are necessary to

1 still come up with a statistically -- come up
2 with a, you know, the actual accuracy level
3 you're looking for. And obviously the
4 tighter accuracy that you're looking for it
5 makes it even more sample required.

6 So what I'm seeing, is I'm saying you
7 need to open up your population to allow it
8 to have more parcels, more samples in that
9 population, and by opening your population
10 you're going to get more samples. You're not
11 going to skew your statistics, from
12 everything that I'm reading statistically.
13 You know, I'm not a statistical genius, a
14 guru. You may talk to your own people. I
15 think that's, you know, at least from what
16 I'm seeing you're going to find.

17 As the population grows, the sample
18 size doesn't grow proportionally. You know,
19 the chief is saying expect results. You
20 don't need that many more parcels for larger
21 -- for larger population. You don't need
22 that many more samples if you have to start
23 out with a stronger sample size to begin
24 with.

25 And I understand what you're saying.

1 So going back to what you're saying earlier,
2 but I think maybe what we can have is
3 something effective, you know, smaller
4 counties may tend if you have this one range,
5 as I expressed earlier, you know, maybe
6 something in the Guidelines say that, you
7 know, smaller counties may have smaller
8 market areas potentially, you know, and
9 largers may tend to have that larger county
10 parcel in a market area on average.

11 But again, by doing what you're doing
12 here I think you're really defeating
13 yourself, you're limiting your -- what you're
14 going to get as far as sample size out of
15 these smaller ranges.

16 On Section 5.7 we have changes to
17 market area coding after submission of 2005
18 preliminary roll. Talks about significant --
19 I've got to go back and check this. Is this
20 new or this in the previous one?

21 THE ADMINISTRATOR: I'm sorry, I have a
22 couple things to say in response to what you
23 just said. Would you rather go through and
24 say everything?

25 MR. RAHAL: No.

1 THE ADMINISTRATOR: Beat that issue to
2 death and then move on to the other.

3 MR. RAHAL: No.

4 THE ADMINISTRATOR: Those points are
5 well taken. To get a -- the statistics
6 experts, I keep trying to say sadistics but
7 it's statistics. Those experts say and the
8 literature says if you want a statistically
9 reliable sample for purposes of, you know,
10 going to court and having people with Ph.D.'s
11 and statistics fight things out, you need to
12 use a formula to calculate required sample
13 size. And one of the components of that
14 formula, one of the required inputs is the
15 coefficient or variation of whatever it is
16 you're looking at. In this case we're
17 looking at ratios.

18 Well, we thought about that. But can
19 you imagine if we based Market Area
20 Guidelines if we said, okay, you've got to go
21 out there and look at your coefficient of
22 variation of your sample and then based on
23 that calculate your sample sizes in order to
24 do market areas. You can see where that's
25 going to be a huge problem. So that is

1 certainly acknowledged.

2 The Department's programs are set up to
3 analyze and provide reporting on any
4 subclasses with 30 or more sales. If that
5 has some degree of statistical significance,
6 I'm not going to attempt to say what that is.
7 Dr. Woo, we have our own Dr. Woo who can
8 elaborate on that if necessary. And we came
9 up with a 40 to use as buffer, you know, over
10 the 30 minimum, you know, to account for any
11 variation.

12 I think anybody doing mass appraisal,
13 slicing and dicing a roll, if you have a
14 group of sales in one year categories that
15 you come up with, and in the appraisal
16 process people, you know, slice and dice it a
17 lot more than the Department does, you know,
18 for appraisal purposes. And you come up with
19 and you've got, let's say, 31 sales in a
20 grouping and it shows that your appraisal is
21 way low or way high, whatever the case may
22 be, I don't know of anybody who's going to
23 say, you know, this sample doesn't meet that
24 coefficient of variation formula.

25 Therefore, I'm not going to change the

1 assessment on this unless I have a sample
2 size that results from that coefficient of
3 variation formula, I'm not going to touch
4 this property. You're going to have a hard
5 time explaining that to a lot of people.

6 So we recognize the statistical theory,
7 but as a practical matter in terms of how
8 people do master appraisal business, I don't
9 think it means that much. It would certainly
10 probably have implications, you know,
11 legally, you know, any potential litigation
12 over an assessment roll, but that's a
13 separate issue and we're not developing
14 guidelines in anticipation of that.

15 This is a statistical evaluation
16 according to the -- to meet the requirements
17 of the statutes and if the -- if somebody
18 sends in a roll and there's 25 sales and it
19 indicates there's a substantial problem, I
20 would hope that the Department would give a
21 call to the county and say, hey, look, you
22 know, we're not really studying this, this
23 doesn't meet our minimum requirements, but
24 you know, it's showing this and we think you
25 ought to take a look at it. I mean, that's

1 the kind of aid and assistance that hopefully
2 would be provided.

3 And I think, again, anybody looking at
4 even 25 sales which doesn't meet the minimum
5 to be studied and it shows a significant
6 valuation problem, I don't think anybody is
7 going to overlook it, you know, as a
8 practical matter.

9 Going back to what you were saying,
10 there's at the small end is where the small
11 end of the array of counties where the small
12 parcel counts is where you really run the
13 risk of not having enough sales because
14 that's sort of where the stratification
15 process starts. But there's a trade-off
16 there between making sure that you have
17 enough sales within a market area to be
18 analyzed with not having any market and not
19 having more than one market area in a county.
20 If you raise -- the more you raise the parcel
21 count per market area the less counties
22 you're going to have with more than one
23 market area. So you're defeating yourself by
24 doing that. So there's a trade-off here.

25 I acknowledge everything that you're

1 addressing, the validity of it, but it's a
2 trade-off. And you know, you're sort of
3 defeated, you run the risk of being defeated
4 as you say going one way, you run the risk of
5 the other. That's something we're going to
6 have to live with. That's going to happen
7 regardless of somewhere on the margin here
8 that's going to be happening regardless of
9 what we come up with.

10 MR. KELLER: Go off the record.

11 (Discussion off the record.)

12 (Recess taken.)

13 THE ADMINISTRATOR: Back on the record.

14 You had a response to what I just said.

15 MR. RAHAL: I guess you made two
16 points, and on this one was on the sample
17 size, you know, you're mentioning the 30 year
18 25 sales and it reflects the problem,
19 whatever, which I don't disagree with you,
20 but also the other side of this, you know,
21 the fewer sales you have will skew the
22 results if you have any kind of uniqueness in
23 some of them.

24 It takes less little problems to skew
25 all the results for that out of that 30 when

1 the sample size is so small. Takes a lot
2 when you get to a bigger sample size takes a
3 larger amount of sales to skew the
4 statistics. And one of the problems I always
5 had with, you know, like the in-depths and
6 things when doing the samples, and you have a
7 small sample you can skew your PRD or, you
8 know, your COD real easily by a couple of
9 scales. And so that is the other size of it
10 that, you know, yet it may tend to show that
11 there may be some issues. And the property
12 appraiser will deal with those, not trying to
13 run from them.

14 The problem is that when you do have a
15 small amount, it takes very, you know, few
16 sales to skew, you know, the final statistics
17 on those as well. So, again, when we get a
18 larger sample size it takes a lot more sales
19 to skew the numbers.

20 The second part of what you're saying
21 is, trying to remember what the -- have my
22 note, you were mentioning --

23 THE ADMINISTRATOR: Don't ask me to
24 remember what I said.

25 MR. RAHAL: I don't want to ask the

1 court reporter. But I what I said was what
2 we need, part of the answer was, I mean, we
3 need balance. And the balance in the sense
4 of defining market areas. What I was saying
5 rather than just coming up with smaller
6 areas, you know, if you balance it with a
7 good definition of what market areas are, you
8 know, I think you'll have larger tendency,
9 you can't just look at the numbers. The
10 numbers aren't going to give you answers all
11 the time. So if you define your -- what your
12 market area should incorporate then I think
13 you were maybe talking about smaller
14 counties. I can't remember exactly, but has
15 something to do with the number, I think, of
16 market areas.

17 And all I'm saying is that, you know,
18 part of this document also I think we need to
19 -- and you've done some of that, and maybe
20 there needs to be a little more on the
21 definition of defining boundaries that are
22 more representative, maybe what I'm leaning
23 towards there's more representativeness in
24 those by how we define what market areas
25 should consist of.

1 And go back to where I left off is
2 there anything else, I guess, on the first
3 part that we're talking about or should I
4 move forward to the next section?

5 THE ADMINISTRATOR: Just a couple
6 things briefly. Everything you say is true.
7 I mean, we have several truths here. I think
8 we can all agree on, it's how to balance
9 those and how to reconcile these competing
10 considerations. If we look at table one, and
11 this is something we kind of have to keep
12 going back to when we look at how much
13 flexibility, I mean, you know, we certainly
14 anticipate the next draft is going to have
15 more explicit flexibility.

16 We have to keep in mind though what the
17 document says is that you must consider these
18 tables and you must consider, you know,
19 legal, physical and economic characteristics.
20 It doesn't say that there's going to be, you
21 know, close air support, you know, if you're
22 one hair off or something. So that's --
23 we've got to remember that as well.

24 If we look at table one, the fourth
25 column stratum 1 market area counts, these

1 are the actual number of market areas
2 reported on the 2002 assessment rolls
3 reported, I think, 2002 final, which I think
4 are submitted in November of each year. This
5 illustrates why we need market area
6 guidelines to start with. The requirement
7 for market areas to be on assessment rolls
8 has been in place since 1996. The statute
9 was passed in '93. The market area codes are
10 required to be reported on all real property
11 parcels in '96. So everybody -- there's been
12 no guidelines from the Department. So this
13 is the result of the maximum flexibility.

14 The reason we need guidelines is
15 because the maximum flexibility ain't
16 working, in my ole country boy terms. And
17 they're unreasonable. I've been in the mass,
18 I mean, like Mr. Zachem I worked in two
19 counties, worked producing assessment rolls,
20 I was fee appraiser, you know, collected some
21 -- a little qualifications here and there,
22 and I'm firmly convinced that what we have
23 now is on an overall basis, and it's the
24 Department's fault if we want to say
25 anybody's at fault, I'm certainly not saying

1 this is the county's responsibility because
2 that's why we're supposed to have guidelines.

3 But this is unreasonable and an
4 undesirable result. We have the two biggest
5 counties with way over half a million
6 parcels, having fewer market areas than a
7 couple of counties with 6,000 or fewer
8 parcels. That's just one illustration.

9 If you look at the list, this is why we
10 can't -- if you're suggesting a range in
11 average parcel counts per market area of 1400
12 to 7700 on an overall basis for the whole
13 state, I don't think that's going to happen.
14 I don't think that would be any of our
15 internal -- it may happen. It won't be any
16 of our internal recommendations. Because as
17 long as we work for the Department we have a
18 responsibility to exercise reasonable
19 diligence under the statute.

20 Now, what's the right number of market
21 areas for, you know, whatever county? You
22 know, that's why we're going into ranges.
23 Who knows. But the flexibility can't be
24 limitless. There is, as we've discussed
25 before, there is room for endless theoretical

1 debate on what is a market area. And which
2 is why we focus on the intended use, focus on
3 the statutes, and say that all the other
4 stuff may be out there, property appraisers
5 can use whatever they want if they chose to
6 use market areas in the valuation process.
7 Very few counties do use market areas
8 actually in the valuation process currently,
9 and that is probably expected to continue,
10 but that is an issue of administrative
11 discretion on the part of the property
12 appraisers. They can use market areas in the
13 valuation process or not, that's the property
14 appraiser's business, that's not the
15 Department's business.

16 Mr. Zachem can use whatever arguments
17 he feels is appropriate in his situation.
18 That's not the Department's business, but
19 for, we are promoting the use of mass
20 appraisal by property appraisers. The
21 Department does mass analysis techniques.
22 And in order to demonstrate to any observers
23 that this process, you know, works, because
24 it does work, but there's just one little
25 thing out there called market areas. It's

1 been in the statutes for a long time.

2 And the Department has been remiss in
3 not issuing guidelines. They should have
4 issued guidelines to start with because the
5 statute's been there for ten years and here
6 we are, counties have, you know, invested
7 effort in doing different things and here we
8 are ten years later doing these guidelines.
9 And that's the Department's fault. I mean,
10 you know, we have to take responsibility.

11 But be that as it may, here we are, so
12 how do we go forward with producing a
13 document that is -- has appropriate
14 flexibility but yet gets us within that frame
15 work, gets us to some measure of uniformity.
16 So that's the challenge.

17 So we do anticipate there being a much
18 more explicit flexibility specified in the
19 next draft as soon as Mr. Keller figures out
20 and Charlie Gordon and Dave Beggs figure out
21 how to do all this and tell me. But I don't
22 anticipate there being a range like you're
23 proposing, you know, as applied statewide.
24 So I guess that's the conclusion of my
25 comments.

1 MR. PENNINGTON: Ken Pennington with
2 Osceola County again. Just I think maybe
3 what Vince may be talking about is if you
4 look on table two where you've got change
5 scenario broke down into one percent,
6 two-and-a-half percent, five percent.

7 THE ADMINISTRATOR: Right.

8 MR. PENNINGTON: Why couldn't you take
9 those ranges and have everything that has a
10 one percent have a unified range from here to
11 there, everything two-and-a-half, so that
12 you're not looking at county by county having
13 to make adjustments. If you had -- if these
14 ranges are good enough for your change
15 scenario, why couldn't you follow something
16 like that with our parcel count ranges?

17 THE ADMINISTRATOR: Well, we certainly
18 could if there was -- I think somebody
19 mentioned something along those lines at a
20 previous workshop, maybe breaking this up
21 into groups. The problem there what about
22 the people on either side of that boundary.
23 They're going to fuss because they're being,
24 you know, you're putting me in this group and
25 I should be in this group, you know. So what

1 do you do there?

2 Part of the thought behind this here
3 was to, as much as we could, address every --
4 the county in a systematic uniformed way, and
5 obviously we don't have the county names on
6 there. We don't care what county it is. But
7 no matter what approach you take to this,
8 there's going to be trade-offs and we -- and
9 that's the difficulty.

10 I don't know. That's something that
11 we're going to look at more. We're certainly
12 going to look at how change scenario works
13 and obviously we didn't go into a more
14 detailed presentation of analysis in this
15 draft because we haven't settled on a
16 relationship between sale counts and parcel
17 counts which we're going to be doing in the
18 next few days.

19 But no matter how this ends up, there's
20 going to be imperfections in it, I guess.
21 And basically we're all, you know, we're
22 going to have to live with it. I mean, if
23 we're going to get this thing done, we're all
24 going to have to decide, you know, are we
25 willing to stop this process because this

1 document is imperfect. I guarantee it will
2 be imperfect regard -- there's no way -- the
3 only thing I'm sure of right now is that this
4 thing is going to be imperfect and there's
5 going to be quite a few people that won't be
6 happy with it.

7 But we have to try to do what's
8 reasonable and balance the competing
9 considerations in a reasonable, workable way,
10 it has flexibility yet gets us the uniformity
11 however we -- within whatever range of
12 tolerance we define uniformity.

13 But that's the nature of this business.
14 I mean, appraisal is imperfect, you know,
15 every single property appraisal and mass
16 appraisal, nothing is perfect. So we have to
17 get to a point, then we have to make a
18 decision to live with this is the reality.
19 That's that.

20 MR. RAHAL: Now, I don't think anybody
21 would argue, and I said this at the previous
22 meeting that the old department areas, and I
23 represent table one basically is meaningless.
24 And you know, as you explained, there were no
25 guidelines and so everybody did their own

1 thing their own way and really this wasn't
2 used for anything purposeful. So there's no
3 argument there.

4 The goal I think is to make it
5 meaningful, and you know, when I look at that
6 I say, well, should it be meaningful in the
7 sense of that should be representative, and
8 how to get that, and I say part of that is by
9 defining you know, how you derive at market
10 areas.

11 It also needs to be meaningful in the
12 sense of the Department that it has, you
13 know, good sales counts in there and the
14 representativeness. Going back to that is
15 important for everybody as well. Because if
16 we don't have representativeness in it then
17 it doesn't matter what you have, the data is
18 going to be flawed all the way through.

19 So I know you guys are open-minded and
20 I know you say that probably won't go that
21 way, but with the range thing you're talking
22 about, you know, I think you're open-minded
23 enough to go back and think about that and
24 dwell on it a little bit because I know the
25 fear of leaving it too vague, and I'm not

1 saying it shouldn't be, and I don't think the
2 range should be too large. But I think if
3 you give the rules to say, you know, that,
4 again, going back to these earlier stratum
5 1's, the first group from 1,000 sum to 9,000
6 sum is that, you know, actually I believe
7 what you're doing is you're self-defeating
8 because that forces them into looking like
9 we've got to break this thing into multiple
10 groups, maybe they should or shouldn't be.

11 And all I'm saying then you start
12 getting into small sales counts again. And
13 I'm saying if you define -- if you have --
14 come to an acceptable range statewide, then
15 you define things like, you know, goals are
16 to have a minimum number of sales and that
17 the goals should be adhered to the market
18 areas to get to that.

19 By doing these things, looking at these
20 factors, economic, location, zoning, all
21 these things you mentioned in there, putting
22 those two together, and then hopefully coming
23 up with those sales counts, and which may
24 entail sometimes grouping, you know, some
25 areas that are marginal and might be able to

1 do.

2 So and then if somebody comes back to
3 you in the planning process that we'll talk
4 about a little bit later of having that
5 implementation plan to you guys, they come up
6 with something that says, you know, there is
7 no rhyme or reason for them coming up with
8 these numbers. Then you ask them to justify
9 it and you can sit down and give them aid and
10 assistance saying this is how you need to do
11 this, this is how you need to get there.

12 And I think you'll have less
13 alienation. It is going to be an imperfect
14 system no matter what. You can't please
15 everybody. And obviously the goal is for you
16 guys to use this market code for the purpose
17 that it's intended by the statute. But I
18 think that has to be more than just coming up
19 with a specified number of market with
20 specified number of sales in each of them.

21 I think it has to be -- that it has to
22 have a meaningfulness to it as well as far as
23 what those boundaries represent. And I think
24 you can achieve the same thing by doing, you
25 know, the steps that I mentioned to get

1 there.

2 So I think you don't have to, you know,
3 again, part of your Guidelines can say that,
4 you know, that you can put together areas
5 that maybe don't quite fit the exact
6 Guidelines or whatever description that we're
7 coming up with, but in order to come up with
8 a meaningful market area for roll review or
9 whatever for purposes you guys are going to
10 use it, try to look at it and put together
11 areas like that so that you can hopefully
12 come up with sales counts that are greater
13 than. But I don't think we need to limit
14 ourselves to sales counts of 30 or 40 because
15 I think that we're teetering on, you know,
16 coming up with a lot of bad possibilities
17 that can exist from that with a few flawed
18 sales or things of that nature, breaking
19 areas that need to be together.

20 THE ADMINISTRATOR: All right.

21 MR. RAHAL: Breaking them apart. So
22 with that in mind, I'd like to move a little
23 bit forward as far as Section 5.7. I just
24 really have kind of a question about that,
25 which is the voting process and the changes

1 to once, I guess, the preliminary 2005 roll
2 is submitted and codes are set, that any
3 changes, significant changes, will be needed
4 to be justified in the appropriate manner
5 established by the Department.

6 I was just curious as to how that
7 process will take shape, what that will end
8 up being. Is that something that, you know,
9 will be just the Department will come up with
10 a process or is going to be something that's
11 going to be part of the Guidelines, is it
12 going to be something that is going to be
13 discussed at future things with input from
14 all interested parties?

15 THE ADMINISTRATOR: Well --

16 MR. RAHAL: That's the only thing I
17 have on that. And the next thing I want to
18 talk about was in Section 5.8, 5.9 which you
19 mentioned in the opening of the effective
20 date of December 31st to submit the roll and
21 it's subject, I guess, approval by the
22 appropriate cabinet or whatever, and also
23 have a submission of code required as far as
24 that goes to the preliminary roll of July
25 1st, 2005.

1 And I guess kind of clarified part of
2 my question, I just wanted to make sure
3 because then I had a little problem with the
4 next part of market area delineation coding
5 plan June 1, '04, but you're saying -- you're
6 saying it's voluntary rather than mandatory?

7 THE ADMINISTRATOR: Right.

8 MR. RAHAL: Okay. And the problem I
9 have was not necessarily -- I mean, we have
10 the same problem you guys have as time frames
11 of getting the roll out in June, you know,
12 June 1 isn't the best date for us obviously.
13 But the first two parts of it weren't so bad
14 in getting the steps together as far as
15 research steps and the intended
16 implementation steps. I'm wondering if we
17 came up with those part -- that part first,
18 we could submit that to you because I think
19 the other part is dependent on -- the other
20 three are dependent on the first two being
21 good. And I'm not so sure we would be in a
22 position to get to the next three even if we
23 did come up with the first two.

24 And so I was wondering if it could be a
25 two phase kind of thing, say here how we

1 intend to do that. Does that sound logical
2 to, you know, what you guys are looking for?
3 So that's the only thing I had on that.

4 And finally, this is also really a
5 question. I know these Guidelines are to
6 establish how to come up with the market
7 areas. I was just curious as far as how it's
8 going to be used in the roll approval process
9 down the road, is that something that will
10 just be something that's submitted, for
11 example, in memo form under -- usually when
12 we get these documents the roll submission
13 and approval process each year, and if that's
14 the case will there also be any discussion
15 with the property appraisers because I think
16 there are some questions as to what, you
17 know, the meaningfulness of it and what it
18 will do as far as requirements or guidelines
19 or whatever? Is there going to be anything
20 forthcoming on that in the future regarding
21 that process? That's it.

22 THE ADMINISTRATOR: I guess starting
23 with your last question. I'm sure there will
24 be. I can't -- I'm not the roll approval
25 expert, that's Charlie Gordon and there's a

1 team based around that. But it's certainly
2 my perception, Steve may have a comment on
3 this, that that would be addressed, you know,
4 well in advance of the submission, you know,
5 of the roll. I mean, obviously, you know, we
6 go through statistical and analytical review
7 of assessment rolls and, you know, value
8 groups within the strata, and this is simply
9 another way of slicing the pie to look at the
10 rolls.

11 And so, if -- I guess the best thing I
12 can say right now is if I work in a county,
13 and just looking at the statute and looking
14 at this document, I would be -- I would do
15 the same analysis in my office before I
16 submitted the roll, you know, to proactively
17 evaluate regulatory compliance that I would
18 do on a value range or on a strata, you know,
19 to, you know, to look at compliance in terms
20 of level of assessment and measures of
21 uniformity, particularly COD and PRD. And
22 you know, if identifying the anomalies that
23 you think are justifiable anomalies because
24 those do occur, as we know, you know, make
25 that known to the Department through a letter

1 or communication, you know, in advance as a
2 recommendation. And that's my thoughts on
3 that issue.

4 The delineation and coding plan, there
5 has been some discussion of doing away with
6 that. We don't want that plan to become --
7 it was intended as an aid and assistance tool
8 as a mechanism, if you -- and say to the
9 county if you're willing to put some thought
10 into this and you want us to kind of work
11 with you, give you feedback in advance, do
12 this and we'll work with you, you know, as
13 opposed to just saying I don't know how to do
14 nothing, come help me, so help us help you
15 kind of thing.

16 But there's a little bit of concern
17 that it might become sort of an interim
18 object of concern, and you know, the
19 deadline, this and that, and possibly become
20 more of a hindrance than a help. So if
21 there's commentary on that, if anybody would
22 like to comment on that.

23 Having the August 15th deadline, that
24 is, as we mentioned earlier, that is about
25 eight months into an 18 month period. This

1 -- the way this would work now would be five
2 months, probably pretty much going to know
3 where we're looking at having this adopted in
4 November, I guess, so and we kind of know,
5 we've had numerous mail outs and just the
6 issue's been beat to death so far.

7 So a lot of people are looking at this.
8 I had somebody from a big county come up to
9 me at the first workshop, and this is the
10 person who's expressed some dissatisfaction
11 with the consent of market areas in the past,
12 and they came up and this person was all
13 friendly, kind of relieved or wondering what
14 was going on, and they said, Al, we'll knock
15 this out in two days. That's a county with a
16 great GIS system. I realize a lot of
17 counties don't have that. Most of the bigger
18 counties do.

19 The problem with extending that
20 planning period out and having multi-levels
21 of processes, is that becomes the project,
22 planning and talking about it as opposed to,
23 you know, to doing it. And we will have
24 limited resources to apply to aid and
25 assistance on this. And if we don't know

1 until, let's just say, plans -- whole bunch
2 of plans got in on August 15th, and let's say
3 people needed help revising their plans,
4 well, then we're 12 months into people
5 actually starting to do the work if we take
6 that process.

7 So there's a concern that even June 1st
8 is a little bit too long for that for that
9 kind of thing to work. Part of the -- if you
10 look at number four, the fourth item, I guess
11 you were talking about breaking it into a two
12 step process between steps three and four, or
13 intended parcel counts reach market area.
14 You know, this is intended, certainly not
15 what, you know, a county's certainly not
16 making an obligation, but it's a way of -- if
17 a county's coming in and they're choosing to
18 skew things way on one side or the other,
19 that's a chance for us to say, look,
20 recognize your county's different because
21 everybody's county is unique and all those
22 things, but you know, you're kind of skating
23 on the edge here and we recommend that you
24 kind of, you know, certainly that you don't
25 have -- not every single market area is going

1 to cause it to be really big or really small,
2 you know, there's going to be some variation
3 there and here's a range of that, look at it
4 overall, those kind of things.

5 So it's certainly not any kind of
6 obligation. Part of it is to spur thought to
7 provide a mechanism for us identifying
8 counties that looks like they need some help.
9 You know, I mean they submitted because they
10 want help to start with. But the concern is
11 extending this process too much. Then this
12 becomes the process and not getting the codes
13 on there by 2005.

14 So all your points are valid, but
15 there's -- I'm just expressing to what our
16 thoughts have been, and we're not sure right
17 now where we're going to head with that.

18 If anyone has any comments whether this
19 a worthwhile process at all, or if it's
20 better just to say here's the Guidelines and
21 if you want help, call us, and if we can
22 spare the resources now, you know, of course
23 sooner rather than later. We don't want to
24 get three months before, you know, in April
25 of 2005, you know, get 50 requests for aid

1 and assistance, that kind of thing.

2 MR. RAHAL: I think that's voluntary.
3 One thing was not mentioned before, it's
4 voluntary, but I think if you're going to
5 offer up you need to be able to say you're
6 going to be able to respond to it, whoever
7 submits it to you or whoever doesn't submit
8 to you.

9 THE ADMINISTRATOR: Right. I certainly
10 hope that's possible. I've certainly asked
11 for available resources for that because it
12 really can't just be whoever is not doing
13 anything at that moment, you know. It sort
14 of be the A team working on this one because
15 it's a lot -- awful lot of work involved in
16 this process.

17 Your first thing about the comment on
18 Section 5.7 Changes to Market Area Coding
19 Systems, we say there are any significant
20 changes. The thought behind that is if
21 someone -- obviously there's going to be
22 changes every single year because parcels
23 move in and out strata and as counties grow
24 may be adjustments, but one of the things
25 we're -- we want is for this document not to

1 be something that once it's implemented
2 requires a whole bunch of work each year.

3 That's why we're moving away from
4 having some separate for vacant land strata
5 and having -- if you try to stay within the
6 middle of the range on parcel count type
7 stuff then it's going to be quite a bit of
8 time before, you know, things would get out
9 of whack there on a particular case. So we
10 don't want it be an annual burden once this
11 is done.

12 Conversely, I don't think it would be
13 desirable to have counties totally recoding
14 everything every year based on whatever
15 trends they might think is appropriate given
16 that particular assessment roll. Not that
17 anybody would do that, but if someone is
18 deciding, you know, I submitted this 2005
19 roll, you know, you all like the market area
20 system, it makes sense, everything's good,
21 and then all of a sudden there's going to a
22 total change, wait a minute, why are you
23 doing that. And there -- who knows, there
24 may be a good reason. But all this is
25 intended to say is, you know, let the

1 Department know and, you know, write up kind
2 of what's going on. That's all that's for.

3 And we would anticipate and would hope
4 that it wouldn't apply much because the
5 intent is for this not to require much change
6 once it's implemented. I mean, there's
7 obviously going to be a lot of work depending
8 on what resources you have, but we don't want
9 it to be an annual burden, so hopefully it
10 wouldn't apply at all. It's a thought there.
11 Mr. Barber?

12 MR. BARBER: I'm satisfied.

13 THE ADMINISTRATOR: With all due
14 respect, I don't believe you.

15 Yes, Ken.

16 MR. PENNINGTON: Who do we send this
17 plan to? Is that going to be Charlie or will
18 we be notified of who?

19 THE ADMINISTRATOR: Yeah, it would be
20 when -- after the adoption anything that --
21 anything along those lines is still part of
22 the document that would require any kind of
23 periodic reporting or anything like that, we
24 would -- there would definitely be
25 notification of a process and any format or

1 reporting format or anything absolutely.

2 Just to re-emphasize, we're not talking
3 with those tables the way they are now. And
4 they're going to be definitely getting a work
5 over. And I would love for there to be a way
6 to have one range that would work for
7 everybody because that means we could do away
8 with those tables and handle it in four or
9 five sentences. I don't -- we'll certainly
10 look at that, but I want to just be very
11 forthcoming at this work shop with, you know,
12 managing expectations of where it might go,
13 but I certainly -- I don't think Mr. Keller
14 would feel differently to sit here now and
15 say we know how this thing's going to end up
16 because we've got the data and we've got --
17 we can get Charlie Gordon, let him have a lot
18 of input into this because sometimes he has a
19 greater tolerance for dealing with numbers
20 for a great sustained period of time or a
21 number of hours than most people do, and
22 where a lot of us could kind of say I give up
23 or, you know, whatever, he can keep going and
24 keep reasoning his way through the process.

25 So that's -- we're looking at having

1 this fourth draft completed by some time
2 during Labor Day week, and then it will go to
3 -- that's when the formal 120 rule making
4 process will start and it goes through a lot
5 of administrative stuff. We won't have any
6 workshops on that draft because it will be
7 going through a lot of internal review and,
8 you know, lots of lawyers worrying about the
9 little things that the rest of us aren't
10 smart enough to understand.

11 And then we will probably have a fifth
12 draft and hopefully there won't be much
13 change. That will be in probably early
14 October. We anticipate a mail out then
15 there'll be a rule hearing in some, I think,
16 late October time frame, and then we're
17 looking at cabinet meetings in probably mid
18 to late November, pretty much the same
19 schedule as last year. The next two weeks
20 will be very, very important.

21 MR. KELLER: Currently the notice of
22 proposed rule making is scheduled to be
23 published October 3rd, which is a Friday, so
24 prior to that time it will be filed with the
25 Secretary of State's office and mail out will

1 occur. So all property appraisers would be
2 sent -- all interested parties would be sent
3 a copy of that filing.

4 Also, I think is our intent to place
5 this on the web as these drafts are.

6 THE ADMINISTRATOR: Yeah, I think the
7 next -- the draft that we'll have in a couple
8 weeks will post to the web site and any
9 written comments are available, you know, at
10 any time or are welcome at any time in the
11 process. But we won't have any workshops and
12 we -- I don't -- we're not going to do a mail
13 out for that. We'll do a mail out for the
14 one that will go to rule hearing in October.
15 So you know, start checking the web site
16 early the third week or second week in
17 September.

18 I guess that should be -- if you just
19 want to call up and fuss at anybody, I can
20 give you Charlie Gordon and Steve Keller and
21 Dave Beggs direct line.

22 Anyone else have any other comments?

23 On behalf of the Florida Department of
24 Revenue, we want to thank each of you for
25 taking the time to be here and making your

1 comments and concerns known.

2 It is invaluable to the Department to
3 have this kind of participation from
4 interested parties so that by working
5 together we can produce consistent with
6 Florida requirements the Florida Uniform
7 Market Area Guidelines for adoption by the
8 end of this year.

9 We will do our best to address within
10 the current statutory and administrative
11 provisions the comments and concerns that
12 have been presented here today. Thank you
13 again for coming here today. We appreciate
14 your time and comments. And this concludes
15 this workshop.

16 (Proceedings concluded at 12:24 p.m.)

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1 C E R T I F I C A T E

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3 STATE OF FLORIDA)

4 COUNTY OF ORANGE)

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6 I, JUNE T. BUTLER, RPR, RMR, certify
7 that I was authorized to and did
8 stenographically report the foregoing
9 proceedings and that the transcript is a true
10 and complete record of my stenographic notes.

11 DATED this 27th day of August, 2003.

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JUNE T. BUTLER

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